

Department of Workforce Development Regional Workforce Board Transition Guidance

April 20, 2006

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INTRODUCTION:

The Department of Workforce Development (DWD) remains highly committed to moving forward into the PY06 transition period with the utmost consideration for customers and clients we service. It is our intent to assist the new regional structures in a way that minimizes disruption to the individuals we service while maximizing the resources and integrity of our funds and programs. Therefore, key to this agenda will be clearly thought out transition plans and well defined expectations. DWD will begin providing guidance by the issuance of this Transition Strategy. It is fully understood that each region will go through this progression with a slightly different set of circumstances such as timing, changes in leadership, changes to geographic area, and so forth. This means that the guidance contained here must be reviewed and applied to each region. The Career Services Section of DWD will be working with regional leadership to apply this guidance and solve any unique or novel problems that might arise.

Over the next several pages DWD will provide general guidelines for a number of components impacted by this transition activity. At this time, we will address the following issues that will come into play as we move from PY05 into PY06:

- Financial Reconciliation and Financial Close-Out
- Property Reconciliation and Property Transition
- Facilities and Buildings
- Client Services and Records
- Integrated Services Contracts **UNDER CONSTRUCTION**

GENERAL PROVISIONS

All grants between DWD and the fourteen workforce investment boards (WIBs) that are being replaced by the balance of state workforce investment board will end on June 30, 2006. The financial close out procedures will follow the procedures normally followed for closing grants with the following emphasis and/or exceptions.

- All grants to the affected WIBs from DWD will end on June 30, 2006 and each grant will be closed out. A 60-day close out period will be allowed beginning on July 1, 2006.
- The WIB may retain up to three individuals to conduct the close out of the grants – two fiscal staff and one program staff. In lieu of this staff, the WIB/Fiscal Agent may elect to contract the closeout to qualified individuals or firms.
- Audits will be conducted in accordance with the WIA entity audit plan and DWD Oversight Division specifications.

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- All property, both procured and leased, must be transitioned to the new Regional Board. Leases may be retained by the leaseholder under the obligation of the lessee.
- Client services for current providers are scheduled to end June 30, 2006 with a transition period to any newly selected providers commencing on the date of contract issuance and continuing for a period of 60 days. All transitioning must be completed by September 30, 2006.
- Contracting with dual (old and new) service providers during the 60-day transition period is allowable. Full staffing by both service providers during this transition period will not be allowed. The dual contracting is intended for phasing in of new service providers while the old service providers are phased out.

FINANCIAL RECONCILIATION AND FINANCIAL CLOSE OUT

Operations for the fourteen WIBs that are being replaced by the balance of state WIB will end at midnight on June 30, 2006. A financial close-out for all grants between DWD and the fourteen WIBs will take place at that time in accordance with DWD policy that is being issued. The policy will be very similar to the current policy on financial close out. Following are points of emphasis and/or significant change:

- The close out will be the responsibility of the current WIBs.
- The close-out process will follow the normal close out processes for a program year end, but will close out all grants and will be on an accelerated pace to facilitate the rapid reallocation of carry-in funding.
- The WIB/Fiscal Agent will be responsible for the submission of a close out budget. The close out budget will be due to DWD Finance by June 16, 2006. The budget will provide the projected unspent funding by grant on June 30, 2006, the cost for the post June 30 close out process with supporting budget detail, the cost for the close out audit with supporting budget detail and the projected unspent funding by grant after close out and audit costs.
- The WIB may retain up to three individuals to conduct the close out of the grants – two fiscal staff and one program staff. In lieu of this staff, the WIB/Fiscal Agent may elect to contract the closeout to qualified individuals or firms.
- The close out period will be 60 days beginning with July 1, 2006 and ending August 29, 2006.
- Costs after June 30, 2006 associated with the closing of the grants may be charged to the WIA program as administrative costs and should be recorded. These amounts **WILL NOT BE RECORDED IN THE AUDIT REPORT** (since the audit is as of June 30, 2006). These costs will be recorded and reported with a detailed invoice to be retained by DWD in the final settlement of the operation. (These costs will be paid by the WIB, just not audited.)

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- A final audit must be conducted. Audits must be performed in accordance with guidelines established by the DWD Oversight Division. The PY05 instructions for the audit appear on the DWD website at www.in.gov/dwd/partners/docs/os_Grantee_Audit.pdf. This guidance will be updated for PY06 audits, but we do not anticipate substantive change in audit requirements or timeframes.
- Any unspent WIA formula allocated funding that has not exceeded its two-year life will be reallocated by DWD to the regional workforce boards (RWBs).
 - Available, unspent funding from a WIB will be formula assigned to the counties in the workforce service area using the PY2006 formula used to allocate WIA funds.
 - The county amounts for workforce regions will be aggregated to establish the amount of carry-in for the region and the RWB will be issued a grant package for the carry-in allocation.
 - These carry-in funds will not be available until after the WIB close-out process.
 - DWD reserves the right to retain such carry-in funds at the state-level when the carry-in amount is so small that it is not fiscally practical to reallocate. The affected RWBs will be notified in these situations.
 - The funds allocated under these re-allocation grants will end on June 30, 2007.
- Rapid Response Tier 1 and Tier 2 grants.
 - Existing grants will be closed June 30, 2006.
 - To minimize disruption of services to clients, new grants will be issued to the new RWBs effective July 1, 2006 based on both the current needs and estimated fund level in the existing WIB held grants.
 - The RWBs to receive the new grants will be contacted by DWD to initiate the process.
 - Rapid Response Tier 1 & 2 funds returned by close-out will not be reallocated. The new grants will already have replaced the funding in the closed grants.
- Other grants to the affected WIBs will be closed on June 30, 2006. Closed out will be handled as specified in this guidance. Replacement of the grants will be handled on a case by case basis. The intent will be to minimize disruption of services and to provide equitable distribution of funds to the affected RWBs.
- Disallowed costs from audit and monitor findings will be assessed to the Chief Elected Official (CEO) for the WIB of record on June 30, 2006 or if there is not a CEO of record on June 30, 2006, the last WIB CEO of record will be held liable.

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- The WIB CEO on June 30, 2006 or if there is not a CEO of record on June 30, 2006, the last WIB CEO of record, will be responsible for any over expenditure of funds.
- Liability for WIB over expenditure or disallowed costs will not carry over to the RWBs, but will remain with the WIB CEO.
- Exceptions to the Financial Reconciliation and Financial Close Out process outlined in this document must be obtained in writing from DWD Finance.

PROPERTY

All property procured with state or federal funding (WIA, REED Act and other) that was granted through DWD belongs to DWD. The property is to be retained where it is currently housed. If that is not possible, the RWB will be responsible for relocating the equipment to other facilities. The RWB may assign this duty to their regional operator.

Clarification – The following paragraph in no way changes the guidance originally set forth in this document. It is simply intended to add additional clarity to the preceding paragraph. (paragraph added on June 17, 2006)

Effective with the original issuance of this guidance on April 20, 2006, all property is to remain where it was located on that date. As we go through the transition to a 2 WIB, 11 RWB structure, we are essentially freezing the assets (property) until the completion of the transfer. We do understand that exceptions to this freeze may be necessary. Those necessary exceptions may take place only with the approval of the RWB over that office. Keep in mind that there should never be a dispute over which RWB has responsibility for an office since the current RWB geographic areas are the original areas – No RWB has had counties added or taken away. A map has been added to this document (Attachment A) to clearly depict the counties that comprise each of the 11 regions. It is permissible for the Workforce Investment Board for an office to request from the appropriate RWB the movement of property to and from an office, but the final decision resides with the RWB for the office. (paragraph added on June 17, 2006)

State tagged property includes all property with a purchase price of \$500 or more. DWD Administration will initiate a WIB property inventory for state tagged property in April 2006. The inventory will be conducted by the current WIB/Fiscal Agent. This inventory will serve as the close out inventory. The current WIB must resolve all inventory discrepancies. DWD will provide a copy of this final inventory reports to the new RWBs. The RWB will verify receipt of the property on the inventory reports. After resolving any discrepancies, DWD will transfer the property to the RWB effective July 1, 2006.

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Specific instructions on the property inventory process including time frames for completion will be issued by DWD Administration.

At the discretion of the RWB, if a Regional Operator (RO) is in place, the WIB and the RO may conduct a joint inventory or the RO may monitor the WIB conducted inventory to increase the efficiency of the property inventory process and to minimize discrepancies and problems at the time of actual property transfer.

Untagged property, below the \$500 amount, will also remain the property of the program. All property procured with WIA or other State or Federal funding through DWD will remain for use by the RWB, Regional Operator and service providers. The burden of proving that the untagged property should not be transferred to the RWB lies with the WIB/purchasing entity.

Software and supplies will be handled like untagged property. They remain with the RWB, Regional Operator and new service providers. The burden of proving that the software and supplies should not be transferred to the RWB lies with the WIB/purchasing entity.

Leased equipment will go with the exiting entity unless an agreement to transfer the lease from the exiting entity to the new entity is reached. After June 30, 2006 the exiting entity may only use DWD granted funds to pay for this leased equipment when the entity is using the equipment specifically for the close out and/or if they have other DWD grants that allow for them to continue the lease. Each WIB will compile a complete list of leased equipment by location and provide it in writing to the RWB no later than May 31, 2006.

Licenses procured with federal or state funding from DWD will be the property of the DWD. All efforts available should be used to transfer the licensing agreements to the new parties. If such a transfer is not possible or practical the existing entity (license holder) may retain the licenses, but may not use the licenses for non-program purposes.

The RWB will oversee the transition of the property, software, supplies, leased equipment and licenses. All discrepancies should be resolved at the regional level. Exception discrepancies will be resolved by DWD Administration.

FACILITIES/BUILDINGS

It is the intent of the DWD to move away from state owned buildings and state leased facilities. This objective will not be accomplished by July 1, 2006, but should be part of the consideration for RWBs when addressing facilities. In addition, with the requirement to competitively procure regional operators and service providers

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every 2-3 years, the RWBs should closely consider which regional entity is the best lease holder for the WorkOne Center and WorkOne Express facilities. It is the opinion of DWD that the RWB is the most enduring entity at the regional level and that WorkOne leases should be held by the regional boards.

Each RWB will develop a plan to address facilities and buildings. This plan will be due to DWD Administration no later than May 15, 2006. The plan must clearly state the cities/counties that will contain WorkOne facilities during PY 2006 and which of those facilities will be WorkOne Centers and which will be WorkOne Express sites. The plan will then address by location

- Will it be a WorkOne Center or WorkOne Express?
- Which partners will be located at the facility?
- Will an existing WorkOne facility be used or will a new one be found?
- Who will hold the lease on July 1, 2006?
- As appropriate, what is the plan for transitioning the existing lease(s) or for establishing a new lease(s)?

State owned facilities – The State owns three WorkOne buildings. The State shares costs in these facilities with the other partners including the WIA service providers. If service providers change, DWD will coordinate with the exiting and incoming service providers to adjust contracts and agreements so that the new service provider assumes the cost for space being vacated by the exiting service provider. The space requirements for the new service provider may increase or decrease in relationship to that of the existing service provider. DWD will work with the new service providers to reach an equitable agreement.

State leased facilities – The State shares costs in these facilities with the other partners including the WIA service providers. If service providers change, DWD will coordinate with the exiting and incoming service providers to adjust contracts and agreements so that the new service provider assumes the cost for space being vacated by the exiting service provider. The space requirements and cost for the new service provider may increase or decrease in relationship to that of the existing service provider. DWD will work with the new service providers to reach an equitable agreement.

WIB leased facilities – If the WIB is dissolving, the Regional Operator will work with the RWB, the State and the involved service providers to identify the best leasing option to include transferring the lease from the WIB to a remaining entity, entering into a new lease with the landlord or relocating to a new facility.

If the WIB is remaining as an entity, the Regional Operator will work with the RWB, the State and the WIB to determine the best option. Transferring the lease from the

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WIB to a remaining entity, entering into a new lease, subleasing from the WIB and relocating to a new facility are some of the options available.

Service Provider leased facilities – This only becomes an issue if the service provider changes. In those cases, the Regional Operator will work with the State, the RWB, and the involved service providers to identify the options available and the best option for the program. Transferring the lease from the exiting service provider to a remaining entity, subleasing from the exiting service provider, entering into a new lease at the current location and relocating to a new facility are some of the options available.

Other partner leased facilities – The WIA service provider shares costs in these facilities with the other partners including the WIA service providers. If service providers change, the lease holding partner will coordinate with the exiting and incoming service providers to adjust contracts and agreements so that the new service provider assumes the cost for space being vacated by the exiting service provider. This may include adjustments to increase or decrease the space needs of the new service provider.

Independently leased properties - In many locations, the various partners hold independent leases for their space in the facility. In this situation the Regional Operator will work with the landlord the new service provider and the exiting service provider to transfer the lease to the new service provider. This transfer may include changes to the terms of the lease.

CLIENT SERVICES AND RECORDS

Transition of the client between service providers will follow the basic tenet that no client will be exited from the program or denied services solely because of the service provider change or any other changes associated with restructuring of the workforce system. Every effort to provide the services specified in the client's plan of service will be taken. The clients are not to suffer because of any changes to boards, operators or service providers.

Clients should continue to be enrolled by the current service provider in a manner consistent with quality service provision, good performance outcomes and fiscal integrity. Failure to do so is inconsistent with the basic tenet.

At the time contractual agreements are reached with the PY2006 service provider, a minimum 60-day client transition period will be established. During this transition period the following activities, at a minimum, will take place:

- A client transition plan will be issued by the Regional Operator.

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- The Regional Operator or designee will sign-off on all new WIA applicants. Only those applicants that meet the requirements of both parties, existing service provider and Regional Operator, will be enrolled during the transition period. The Regional Operator may elect to start this dual sign-off process as early as 90 days prior to the change in service providers.
- Specific services in the WIA applicant's service plan that will become the operational and/or financial responsibility of the new service provider must be approved by the Regional Operator or designee. The Regional Operator client transition plan can specify limitations on this requirement, such as limiting it to occupational training.
- The PY2005 service provider will provide the electronic and paper participant records for all active participants to the Regional Operator or PY2006 service provider in a manner specified in the Regional Operator client transition plan.

Each Regional Operator will develop a detailed client transition plan in compliance with federal and state guidance including the guidance provided in this document. The plan must be completed prior to the service provider selection in anticipation of the transition period or by May 31, 2006, whichever comes first. The plan must be provided to all involved service providers, current and new. Should there be no change in service providers then the transition period would address and orient the current service provider on any new expectations that they will be confronted with on July 1, 2006 under the new structure.

It was the intention to have all Regional Operators and Service Providers selected by April 1, 2006, thus allowing approximately 90 days for transitioning. Delays in approval of the State Plan, establishment of RWBs, and selection of Regional Operators makes a July 1, 2006 date for competitively procured service providers with a 90-day transition period impossible. That coupled with the fact that each RWB has its own timeline for securing the Regional Operator and service providers, makes a standard timeline for transitioning client services impractical. As such, the following guidance for client transitioning should be followed.

- The RWBs replace the WIBs in the balance of state area on July 1, 2006.
- The RWBs may enter into short-term, sole-source service provider contracts with the existing service providers by assuming existing WIB contracts or extending the basic terms and conditions of existing WIB service provider contracts. Prior approval for the sole-source procurement will be given by DWD Career Services upon receipt of a satisfactory request as specified below.
- Short-term cannot exceed the time necessary to reach contractual agreement with a competitively procured service provider plus 60 days to

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accommodate client transitioning and may not extend beyond September 30, 2006.

- Each Regional Operator wishing to enter into short-term, sole-source agreements must request this in writing by May 31, 2006. These request will be handled slightly different than other sole source prior approvals. The request must be issued to DWD, Career Services and must include:
 - A specific timeline for having competitively procured service providers. The timeline must be short-term in nature.
 - Letters of agreement for transfer and/or extension of the contract from all service providers involved in the short-term contracts.
 - Justification/reasons supporting the need for the short-term contracts.
 - Signatures of the RWB Chairperson and the Regional Operator.
- Copies of the requests and approval letters will be shared with DWD Grants/Contracts and will be maintained in their official records.

All original files and records related to the client belong to the DWD. The RWBs will be responsible for those files. The RWB will insure that active files are transferred to the new service provider. Inactive records will be maintained by the RWB/RO. It is the RWB's responsibility to insure that these records are maintained for auditing and monitoring purposes for the time period required under record retention guidelines. Files that are past legal record retention time limits are to be destroyed by the existing service provider in compliance with record retention and confidentiality guidelines prior to the transfer.

Copies of electronic records for active participants must be provided to the new service provider by the current service provider in a manner set forth in the Regional Operator's client transition plan. Electronic copies of records for non-active clients may also be provided to the new service provider, at the discretion of the RO. With the submission of the electronic files, the existing service provider must include a data dictionary and data format that allows the Regional Operator and/or new service provider to import the electronic records. This entire process will be structured to insure minimal disruption of services to the client.

Transition of records for performance management purposes and for the new case management system will be addressed as part of the conversion plan for the new case management system which is scheduled for implementation on July 1, 2006. As information becomes available related to the new case management system and data conversion, it will be shared.

Even though the fourteen WIBs cease to operate on June 30, 2006, the WIB will still be responsible for the submission of WIA PY05 final data to DWD Evaluations by

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July 17, 2006. This will be considered part of the close out process and the costs during this period may be charged to the close out activities.

INTEGRATED SERVICE CONTRACTS

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Regional Areas

